**STRICTLY PRIVATE & CONFIDENTIAL**

Date: June 24, 2016

The Board of Directors Reliance Communications Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai- 400710	The Board of Directors Reliance Telecom Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai- 400710
---	--

Dear Sirs,

Subject: Fairness Opinion for the proposed demerger of Telecom Undertaking of Reliance Telecom Limited (RTL) to its holding company Reliance Communications Limited (RCom) pursuant to the Scheme of Arrangement in terms of sub-Para 8(b) of Para I(A) of Annexure I ('said Para 8(b)') of the SEBI Circular No. CIR/CFD/CMD/16/2015 dated 30 November 2015 read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the 'Circular') issued by the Securities and Exchange Board of India ('SEBI').

Please refer to the engagement letter dated June 20, 2016 regarding the Fairness Opinion in terms of the said Para 8(b) of the Circular for the proposed transfer of Telecom Undertaking of Reliance Telecom Limited ('hereinafter referred to as 'RTL' or 'Transferor Company') to Reliance Communications Limited (hereinafter referred to as 'RCom' or 'Transferee Company') pursuant to Scheme of Arrangement in terms of provisions of Section 391 to 394 of the Companies Act 1956 ('the Act') and all other applicable provisions, if any, of the Act and /or Rules/Regulations made there under. It is hereby clarified and stated that upon the relevant Sections of the Companies Act, 2013 pertaining to the Scheme of Compromise, Arrangement, or Amalgamation of companies being notified by the Ministry of Corporate Affairs ('MCA'), this Scheme shall be deemed to have been formulated and presented under Sections 230 to 240 of the Companies Act, 2013 read with applicable Rules made there under.



Reg Office: Ideal Plaza, Suite S-401, 4th Floor, 11/1, Sarat Bose Road, Kolkata - 700020, P 91-33-22806544, 91-33-66120500 F 91-33-22806643
 Corporate Office: Mumbai Office: 17, 2nd Floor, Keshavnagar, 198, J Tata Marg, Mumbai 400 020 ph: 91-22- 30272310

SEBI Regn Nos. PSE INB230645339 P&O INF230645339 Code: 06153 - BSE INB010681638 P&O INFO10681638 Code 530

MSDL IN300223 - EDSE 14500 - ARN 0284

CIN: U67120WB1993PTC060325

www.dalmiasco.com



**CERTIFIED TRUE COPY
 FOR RELIANCE COMMUNICATIONS LIMITED**

**PRAKASH SHENOY
 COMPANY SECRETARY**

1. Background

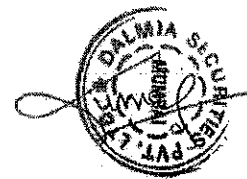
1.1 Reliance Communications Limited ("RCom")

1.1.1 About RCom

RCom was incorporated under the provisions of the Companies Act, 1956 in Mumbai, the State of Maharashtra on 15th day of July, 2004 under the name "Reliance Infrastructure Developers Private Limited". With effect from 25th day of July, 2005, the Company was converted into a public limited company and the word "Private" was deleted from the name of the Company. Subsequently the name of Reliance Infrastructure Developers Limited was changed to "Reliance Communication Ventures Limited" with effect from 3rd day of August 2005 and further the name was changed to its present name i.e. "Reliance Communications Limited" with effect from 7th day of June, 2006. RCom is engaged, inter alia, in the business of provision of telecom services, covering mobile and fixed line telephony, including broadband, national and international long distance services and data services along with an exhaustive range of value added services and applications, data center services.

1.1.2 Shareholding pattern of RCom as on March 31, 2016 is as under:

Category	Shareholding of equity shares (%)
Promoters & Promoter Group	58.85%
Public (including Custodian shares)	40.29%
Shares held by Employee Trusts	0.86%
Total	100.00%



Reg Office: Ideal Plaza, Suite S-401, 4th Floor, 11/1, Sarat Bosa Road, Kolkata - 700020, P 91-33-2280544, 91-33-66120500 F 91-33-22806643
Corporate Office: Mumbai Office: 17, 2nd Floor, Kethan Bhuvan, 198, J Tata Marg, Mumbai 400 020 ph: 91-22- 30272810

SEBI Regn No: INSEINB230645339 F&O INF230645339 Code 06453 • BSE INB010684638 F&O INF010684638 Code 550

NSDL IN300222 • CDSL 14500 • ARN 0284

CIN: U67120WB1983PTC060325

www.dalmiasec.com



1.1.3 Summary of Financials(standalone) of RCom is as under:

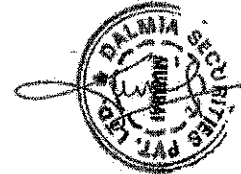
(Rs. in Crore)

Year ending March 31,	2016	2015	2014
Total Revenue (including other income)	10,295	11,136	12,445
Total Expenditure including exceptional items	11,919	12,765	13,203
Profit Before Tax	(1,624)	1,340	(758)
Profit After Tax	(1,624)	(154)	730
Equity Share Capital	1,244	1,244	1,032
Net Worth	18,200	19,839	13,941

Reliance Telecom Limited (RTL)

1.2.1. About RTL :

- RTL is a wholly owned subsidiary of RCom. Entire equity share capital of RTL is held by RCom (78.80%) and its wholly owned subsidiary, Reliance Infocomm Infrastructure Limited ("RIIL")(21.20%).RIIL is also a wholly owned subsidiary of the Company.
- RTL was originally incorporated on 1st March, 1994 as Reliance Telecom Private Limited under the provisions of the Companies Act, 1956. On 25th November, 1997 the name was changed to Reliance Telecom Limited. It is engaged in the business of telecom services, data services along with an exhaustive range of value added services and applications.



Reg Office: Ideal Plaza, Suite 2-401, 4th Floor, 11/1, Sunset Bross Road, Kolkata - 700020, F 91-33-22806344, 91-33-66120500 F 91-33-22806643
Corporate Office: Mumbai Office: 17, 2nd Floor, Keshavn Bhuvan, 198, J Tata Marg, Mumbai 400 020 ph:91-22- 30272810

SEBI Regn No. NSE INB230645339 FPO INF230645339 Code 06453 - BSE INB010684638 FPO INF010684638 Code 830
NEDL IN300222 - CDRL 14500 - ARN 0284

CIN: U67130WB1993PTC060525
www.dalmiasec.com



66

1.2.2 Financial Performance:

The financial performance of RTL for the last three years is as under:

Year ending March 31,	2016	2015	2014
Total Revenue (including other income)	2,752	3,486	3,739
Total Expenditure including exceptional items	2,949	3,628	3,999
Profit Before Tax	(197)	(142)	(260)
Profit After Tax	(197)	(142)	(260)
Equity Share Capital	85.00	85.00	35.00
Net Worth*	466	663	755

*Networth means sum of equity paid up share capital plus reserves and excludes preference share capital

2. Scope of Engagement

For the aforesaid purpose, RCom has appointed us to issue a fairness opinion for the intended Scheme in terms of the said Para 8(b) of the Circular. This report is intended only for the sole use of RCom and RTL, and in connection with the proposed Scheme including for the purpose of obtaining judicial and regulatory approvals for the Scheme.

3. Sources of Information

We have relied on the following information in issuing this fairness opinion for the purpose of the Scheme:

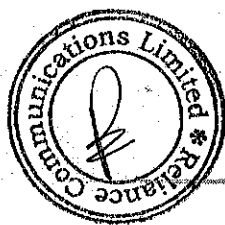
- Copy of Memorandum of Association and Articles of Association of RCom and RTL;
- Draft Scheme of Arrangement under Section 391 to 394 of the Companies Act, 1956, with regard to the proposed demerger;
- Shareholding pattern of RCom and RTL as on March 31, 2016;
- Audited financial statement of RCom and RTL for the year ending March 31, 2014, March 31, 2015 and March 31, 2016;

Reg Office: Ideal Plaza, Suite 3-101, 4th Floor, 11/1, Sarat Bose Road, Kolkata - 700020, P 91-33-22806544, 91-33-66120500
Corporate Office: Mumbai Office: 17, 2nd Floor, Kothari Bhuvan, 198, J. Thar Road, Mumbai 400 020 ph: 22-701260

SEBI Regd. No. REGD INB230946339 F&O INF3064239 Coda 06433 BSE INB010604628 F&O INF010604638 CDS 530

NSDL IN300232 - CDSL 14500 - JSPIN 0284

CIN: U67120WB1993PTC060535
www.dalmiasec.com



45

- Management certified Assets and Liabilities of Telecom Undertaking as on March 31, 2016;
- Valuation report dated 24th June, 2016 issued by M/S R V Shah and Associates, Chartered Accountant; and
- Such other information, documents, data, reports, discussions and verbal & written explanations from RCom as well as advisors for Scheme with RCom, public domain websites, as were considered relevant for the purpose of the Fairness Opinion.

4. Key Facts From The Scheme

- 4.1 We have been informed that it is proposed to demerge the Telecom Undertaking of RTL, the Transferor Company into RCom, the Transferee Company with effect from April 1, 2016, the Appointed Date pursuant to the Draft Scheme under Sections 391-394 of the Act. The Draft Scheme would need approval from the jurisdictional High Court and other regulatory authorities as applicable.
- 4.2 Based on information provided by the management of the entities forming part of the Scheme and after analyzing the Scheme, we understand that since the Transferor Company is a wholly owned subsidiary of the Transferee Company, the Transferee Company shall not be required to issue any shares or pay any consideration to the Transferor Company and its shareholders. The Scheme is intended to transfer the Transferred Undertaking from the wholly owned subsidiary to its holding company and does not involve any movement of assets or liabilities to any company outside the group.
- 4.3 The rationale for the proposed scheme is as under:

- Reliance Telecom Limited (RTL) is a wholly owned subsidiary (WOS) of the Company. RTL holds Unified license (UL) in 7 License Service Area (LSA) namely, Assam, Bihar (including Jharkhand), Himachal Pradesh, Madhya Pradesh (including Chhattisgarh), Orissa, North East and West Bengal. RTL also holds Unified Access Service License (UASL) in LSA of Kolkata. UL and UASL are issued by Department of Telecommunication (DoT), Ministry of Communication & IT, Government of India.



Reg. Office: Ideal Plaza, Suite 9-401, 4th Floor, 11/1, Sarat Bose Road, Kolkata - 700020, P 91-33-22806544, 91-33-66120509 F 91-33-22806643
Corporate Office: Mumbai Office: 17, 2nd Floor, Keshavn Bhawan, 108, J. Tata Marg, Mumbai 400 020 ph:91-23- 30272810

SEN Regn No: INSE IN023064333 F&O INF23064333 Code 06453 • BSE IN010684639 F&O INF010684639 Code 590
NSEB IN300222 • CEBA 14500 • ARN 0294
CIN: U67120WB199317FC060525
www.dalmiasec.com



- RTL is demerging 5 LSA namely Bihar (including Jharkhand), Himachal Pradesh, Madhya Pradesh (including Chhattisgarh), Orissa and West Bengal including assets and liabilities of said Telecom Undertaking into the Company to enable seamless experience to customers by combining 3G and 4G / LTE Network resources and platform under single license per LSAs as well as for compliance of applicable Regulations. The Company will also benefit in maximization of synergies in operational process, logistics alignment leading to economies of scale and enhanced customer experience.

4.4 The Salient features of the Draft Scheme are as under:

- Appointed date is 1st day of April, 2016 or such other date as may be decided by the High Court.
- Effective Date means the last of the date on which the certified copies of the Orders of High Court of Judicature at Bombay under Sections 391 to 394 of the Act or corresponding authority as per provisions of the Companies Act, 2013, sanctioning the Scheme is filed with the Registrar of Companies, Maharashtra at Mumbai by the Transferor Company and the Transferee Company.
- With effect from the Appointed Date, the whole of the undertaking and properties, 5 licenses, debts, liabilities, duties, obligations, contracts, employees, etc. of the Telecom Undertaking of RTL shall be demerged and vested in RCom w.e.f. effective date.
- RTL is a wholly owned subsidiary of RCom. Entire equity share capital of RTL is held by RCom (78.80%) and its wholly owned subsidiary, Reliance Infocomm Infrastructure Limited ("RIIL") (21.20%). RIIL is also a wholly owned subsidiary of the Transferee Company. The Scheme is intended to transfer the Telecom Undertaking from the wholly owned subsidiary to its holding company and does not involve any movement of assets or liabilities to any company outside the group. Upon the Scheme becoming effective, inter alia in recognition of the fact that the Act prohibits allotment of shares by a holding company to its subsidiary company, no shares of the RCom shall be allotted in lieu or exchange of the holding of RIIL in the RCom.



Reg. Office: Ideal Plaza, Suite 3-401, 4th Floor, 11/1, Saru Bose Road, Kolkata - 700020, P 91-33-22806544, 91-33-66120500 F 91-33-22806648
Corporate Office: Mumbai Office: 17, 2nd Floor, Keshavnagar, 198, J. Tam Marg, Mumbai 400 020 ph: 022-26397800

SEBI Regn. No. IN30 IN8230645339 P&O INP230645339 Code 06483 • BSE IN8010604538 PAO INFO10604538 Code 530

NSDL IN300232 - CD3L 14500 - ANN 02M

CIN: U67120WB1903PTC060525
www.dalmiasec.com



47

- Hence, RCom is not required to pay or provide for any consideration and therefore RCom is not issuing any shares or paying any consideration, directly or indirectly, to either the RTL or its shareholders.

5. Exclusions and Limitations

- 5.1 Our report is subject to the scope limitations detailed hereinafter. The report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.
- 5.2 In the course of the present exercise, we were provided with both written and verbal information, including financial data. Our report is based on the information furnished to us being complete and accurate in all material respects. We have relied upon the historical financials and the information and representations furnished to us without carrying out any audit or other tests to verify its accuracy with limited independent appraisal. Also, we have been given to understand by the managements of the companies that they have not omitted any relevant and material factors. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. We assume no responsibility whatsoever for any errors in the above information furnished by the companies and their impact on the present exercise.
- 5.3 We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the companies.
- 5.4 Our work does not constitute an audit, due diligence or verification of historical financials including the working results of the Companies or their business referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.
- 5.5 We express no opinion whatsoever and make no recommendation at all to the companies underlying decision to effect the proposed Scheme or as to how the holders of equity shares or secured or unsecured creditors of the Companies should vote at their respective meetings held in connection with the proposed Scheme. We do not express and should not be deemed to have expressed any views on any other term of the



REGISTRAR OF COMPANIES
INDIA

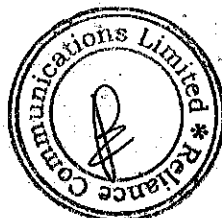
Reg Office: Ideal Plaza, Suite S-401, 4th Floor, 11/1, Sant Bose Road, Kolkata - 700020, P 91-33-32806544, 91-33-66120800
Corporate Office: Mumbai Office: 17, 2nd Floor, Keshav Bhavan, 198, J. Tiba Marg, Mumbai 400 020 ph: 2202 4000

SEBI Regn No: NSE INE230645339 F&O INF230645339 Code 06493 · BSE INE010684638 F&O INF010684638 Code 530

NDDL IN300222 · CDSL I4500 · ARN 0284

CIN: U67120WB1993PTC060525

www.dalmiasec.com



proposed Scheme. We also express no opinion and accordingly accept no responsibility or as to the prices at which the equity shares of RCom will trade following the announcement of the proposed Scheme or as to the financial performance of RCom following the consummation of the proposed Scheme.

- 5.6 Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed transfer with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.
- 5.7 No investigation of the companies claim to the title of assets or property owned by the companies has been made for the purpose of this fairness opinion. With regard to the companies claim we have relied solely on representation, whether verbal or otherwise made, by the management to us for purpose of this report.
- 5.8 Our analysis and results are also specific to the date of this report. An exercise of this nature involves consideration of various factors. This report is issued on the understanding that the companies have drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies, their businesses, and any other matter, which may have an impact on our opinion for the proposed merger, including any significant changes that have taken place or are likely to take place in the financial position of the Companies or their businesses subsequent to the proposed Appointed Date for the proposed Scheme. We have no responsibility to update this report for events and circumstances occurring after the date of this report. We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof.
- 5.9 This report has been issued for the sole purpose to facilitate the Company to comply with the said Para 8(b) of the Circular and it shall not be valid for any other purpose.

6. Opinion & Conclusion

- 6.1 With reference to above and based on information provided by the management of the entities forming part of the Scheme and after analyzing the Draft Scheme, we understand that the present Scheme has been intended to demerge the Telecom Undertaking of the Transferor Company to the Transferee Company.

Reg Office: Ideal Plaza, Suite 3-401, 4th Floor, 11/1, Senai Bazar Road, Kolkata - 700020, P 91-33-22806544, 91-33-66120500 F 91-33-22806544
Corporate Office: Mumbai Office: 17, 2nd Floor, Kathan Bhuvan, 198, J. Tho Marg, Mumbai 400 030 ph: 91-22-40322870

SBI Regs Nos: NSE INE230645339 F&O INE230645339 Code: 02453 • BSE INE010494639 F&O INE010684639 Code: 530

NSEDL IN300222 • CDSL 14500 • ARN 0284

CIN: U67120WB1993PTC0260325
www.dalmiasec.com

